

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00 EB-07  
FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06  
TRSE-00 OMB-01 AGRE-00 PM-04 H-01 L-03 NSC-05 PA-01  
PRS-01 SP-02 SS-15 USIA-06 /080 W  
----- 017508 /21

R 152125Z DEC 76  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC 1929

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POUCHED INFO ALL CONGENS IN CANADA

E.O. 11652: N/A  
TAGS: EWWT, CA  
SUBJ: ST. LAWRENCE SEAWAY TOLLS

REF: OTTAWA 4711

1. BEGIN SUMMARY. DMA'S LATEST INFORMATION RE ORE SHIPPING COSTS ON EAST COAST ROUTES FROM LABRADOR IS THAT SEAWAY IS EVEN LESS ATTRACTIVE NOW THAN LAST YEAR. A TOLL INCREASE WOULD REENFORCE THIS TREND. END SUMMARY.

2. DOMINION MARINE ASSOCIATION (DMA) PRESIDENT R.C. TIMBRELL TOLD TCO DECEMBER 15 HE HAD UPDATED COST INFORMATION RE SHIPMENTS OF LABRADOR ORE TO MAJOR PENNSYLVANIA STEEL MILL POINTS, TAKING INTO ACCOUNT ALL LAND AND WATER COSTS,, TO PITTSBURGH THE SEAWAY HAS A 30 CENT PER TON PRESENT ADVANTAGE. BUT TO MONESSEN AND JOHNSTOWN, PENNSYLVANIA, THE EAST COAST ROUTES PRESENTLY ENJOY ADVANTAGES OF 21 CENTS AND 86 CENT PER TON, REPECTIVELY. DMA'S READING OF TRENDS IN OCEAN FREIGHT RATES FROM LABRADOR TO BOSTON AND OTHER NORTHEAST U.S. PORTS SUGGESTS RISE OF ABOUT 30 CENTS PER TON LIKELY IN NEAR FUTURE. SEA-WAY ROUTE WOULD THEN HAVE NINE CENTS PER TON ADVANTAGE TO MONESSEN AND EAST COAST ROUTE TO JOHNSTOWN WOULD HAVE 56 CENT ADVANTAGE. THESE FIGURES MAY IN TURN BE ALTERED BY CONRAIL'S ANTICIPATED EFFORTS TO REDUCE ITS CHARGES BY INTRO-

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DUCING UNIT TRAINS FROM EAST COAST TO PENNSYLVANIA. TIMBRELL

EMPHASIZED HIS VIEW THAT ALL LABRADOR ORE WAS DIVERTIBLE FROM SEAWAY TO EAST COAST ROUTES--EXCEPT FOR ABOUT 2.8 MILLION TONS DESTINED FOR DETROIT AND LACKAWANNA (N.Y.) WHERE THERE ARE INADEQUATE RAIL FACILITIES FOR DELIVERING ORE--DEPENDING ON PRICE OF SEAWAY TRANSPORT. HE ALSO ASSERTED THAT STEEL COMPANIES ARE BECOMING LESS ANXIOUS TO MAINTAIN WINTER ORE STOCKPILES AND TENDING TO SHIFT TO EAST COAST ROUTES WHICH OFFER YEAR-ROUND SERVICE AND THUS LOWER TOTAL COSTS OF SUPPLYING ORE TO FURNACES. SEAWAY TOLL INCREASE, HE MAINTAINS, WILL ACCELERATE THAT TREND.

3. TIMBRELL ALSO SAID HE DOES NOT PRESENTLY PLAN TO PUBLISH THIS INFORMATION--WHICH IS BASED ON TELEPHONE SURVEYS OF USERS--BUT WILL HOLD IT FOR NEXT MEETING WITH NORMANDEAU AND TRANSPORT MINISTER LANG. IN SUBSEQUENT DISCUSSION OF PROVINCIAL INITIATIVES, HE CONFIRMED VIEW ATTRIBUTED TO ATLANTIC CANADA (SEE OTTAWA 4753) AND INDICATED HE EXPECTED PRAIRIE COUNTER OFFENSIVE ORGANIZED BY ARMOUR'S GREAT LAKES WATERWAY USERS ASSOCIATION (SEE TORONTO 2251). HE ALSO SAID THAT QUEBEC GOVERNMENT HAD TO HIS KNOWLEDGE NEVER TAKEN A POSITION ON SEAWAY TOLLS AND, ON BASIS OF DEVELOPMENTS IN LAST MONTH, HE SAW NO REASON TO EXPECT THAT IT WOULD. ENDERS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, TRANSPORTATION, FEES, INLAND WATERWAYS, MINERALS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976OTTAWA04945  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760462-0703  
**From:** OTTAWA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761241/aaaabizt.tel  
**Line Count:** 84  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 OTTAWA 4711  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ellisoob  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 APR 2004 by BoyleJA>; APPROVED <03 AUG 2004 by ellisoob>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ST. LAWRENCE SEAWAY TOLLS  
**TAGS:** EWWT, CA, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006